

Financial statements of

Prostate Cancer Canada

March 31, 2012

Prostate Cancer Canada

March 31, 2012

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Independent Auditor's Report

To the Board of Directors of
Prostate Cancer Canada

We have audited the accompanying financial statements of Prostate Cancer Canada which comprise the balance sheet as at March 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prostate Cancer Canada as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 26, 2012

Prostate Cancer Canada

Statement of operations

year ended March 31, 2012

(In thousands of dollars)

			2012	2011
	General	Restricted	Total	Total
	Fund	Fund		
	\$	\$	\$	\$
Revenue				
Funds raised				
Individual contributions	3,467	-	3,467	3,167
Corporate contributions	1,737	-	1,737	2,067
Movember	-	17,000	17,000	22,304
Special events	2,800	-	2,800	2,563
Interest	289	-	289	157
	8,293	17,000	25,293	30,258
Expenses				
Mission programs				
Research (Note 8)	1,934	3,280	5,214	20,828
Public education and awareness	2,269	74	2,343	1,199
Support groups/survivorship	777	282	1,059	864
	4,980	3,636	8,616	22,891
Fundraising	3,270	-	3,270	6,121
General and administration	1,690	-	1,690	1,483
	4,960	-	4,960	7,604
	9,940	3,636	13,576	30,495
Excess of (expenses over revenue)				
revenue over expenses	(1,647)	13,364	11,717	(237)

Prostate Cancer Canada

Statement of changes in net assets year ended March 31, 2012

(In thousands of dollars)

			2012	2011
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	5,660	-	5,660	5,897
Excess of (expenses over revenue) revenue over expenses	(1,647)	13,364	11,717	(237)
Balance, end of year	4,013	13,364	17,377	5,660

Prostate Cancer Canada

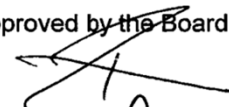
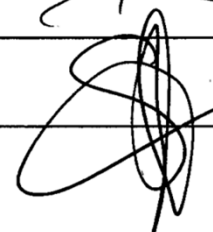
Balance sheet

as at March 31, 2012

(In thousands of dollars)

			2012	2011
	General Fund	Restricted Fund	Total	Total
	\$	\$	\$	\$
Assets				
Current assets				
Cash	787	-	787	20,487
Short-term investments (Note 6)	18,118	-	18,118	5,205
Accounts receivable	298	17,000	17,298	515
Inter fund receivable	1,036	-	1,036	-
Prepaid expenses	414	-	414	126
	20,653	17,000	37,653	26,333
Capital assets (Note 5)	233	-	233	146
	20,886	17,000	37,886	26,479
Liabilities				
Current liabilities				
Accounts payable and accrued charges	253	-	253	1,090
Inter fund payable	-	1,036	1,036	-
Deferred revenue	240	-	240	194
Obligation under capital lease (Note 7)	5	-	5	4
Research grants payable (Note 8)	8,717	1,100	9,817	6,809
	9,215	2,136	11,351	8,097
Long-term				
Obligation under capital lease (Note 7)	7	-	7	12
Research grants payable (Note 8)	7,651	1,500	9,151	12,710
	7,658	1,500	9,158	12,722
	16,873	3,636	20,509	20,819
Net assets	4,013	13,364	17,377	5,660
	20,886	17,000	37,886	26,479

Approved by the Board


 _____ Director

 _____ Director

Prostate Cancer Canada

Statement of cash flows year ended March 31, 2012 (in thousands of dollars)

	2012	2011
	\$	\$
Operating activities		
Excess of revenue over expenses (expenses over revenue)	11,717	(237)
Item not affecting cash		
Amortization	61	97
	11,778	(140)
Changes in non-cash working capital items		
Accounts receivable	(16,783)	(456)
Prepaid expense	(288)	8
Accounts payable and accrued charges	(837)	523
Deferred revenue	46	(50)
Research grants payable	(551)	14,413
	(6,635)	14,298
Investing activities		
Change in short-term investments	(12,913)	5,810
Additions to capital assets	(148)	(117)
	(13,061)	5,693
Financing activity		
Obligation under capital leases	(4)	(4)
Net cash (outflow)/inflow	(19,700)	19,987
Cash, beginning of year	20,487	500
Cash, end of year	787	20,487

Prostate Cancer Canada

Notes to the financial statements

March 31, 2012

(Tabular amounts in thousands of dollars)

1. Organization

Prostate Cancer Canada ("PCC") develops programs related to awareness, public education, advocacy, support of those affected, and research into the prevention, detection, treatment and cure of prostate cancer.

On May 26, 2009, PCC entered into an agreement with another charitable organization called the Canadian Prostate Cancer Network ("CPCN") to create a division of PCC called the Prostate Cancer Canada Network ("PCCN"). The agreement requires that PCCN remain active for a period of at least 5 years as a division of PCC in exchange for the donation of the net assets of CPCN.

Prostate Cancer Canada is incorporated without share capital under the Ontario Corporations Act.

PCC is a registered charity and, accordingly, is not subject to income taxes provided certain disbursement requirements are met.

2. Change in accounting policy

During the year, PCC changed its accounting policy with respect to recognition of restricted contributions from the deferred method to the restricted fund method. This change in accounting policy has had no impact on amounts previously reported. Prior year figures have been reclassified to conform with the financial statement presentation in the current year.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the restricted fund method of accounting for restricted contributions.

Funds

The financial statements separately disclose the activities of the following funds maintained by PCC:

General Fund

The general fund is used to record all Fundraising, Mission and Administration activities upon which no restrictions have been placed.

Restricted Fund

The restricted fund is used to record donations with specific restrictions as to the use of funds, along with the related expenditures.

Revenue recognition

General donations are recognized as revenue in the year in which they are received. Donations received in advance for events are deferred and recognized as revenue in the year in which the related expenditure is incurred. Investment income is recognized on an accrual basis. Restricted donations are recognized on an accrual basis in the appropriate fund.

Financial instruments

PCC has classified its financial instruments as follows:

<u>Asset/liability</u>	<u>Category</u>
Cash	Held-for-trading
Short-term investments	Held-for-trading
Accounts receivable	Loans and receivables
<u>Accounts payable and accrued liabilities</u>	<u>Other liabilities</u>

Prostate Cancer Canada

Notes to the financial statements

March 31, 2012

(Tabular amounts in thousands of dollars)

3. Significant accounting policies (continued)

Financial instruments (continued)

Held-for-trading items are carried at fair value, with changes in their fair value recognized in the statement of operations in the current period. "Loans and receivables" are carried at amortized cost, using the effective interest method, net of any impairment. "Other liabilities" are carried at amortized cost, using the effective interest method.

Any transaction costs are expensed as incurred.

As allowed under Section 3855 "Financial Instruments - Recognition and Measurement", PCC has elected not to account for non-financial contracts as derivatives, and to not account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

PCC has elected to follow the disclosure requirements of Section 3861 of the CICA handbook for financial instruments.

The fair value of accounts receivable, accounts payable and accrued liabilities approximates their carrying value due to their short term maturity.

Investments

Investments are comprised of Guaranteed Investment Certificates ("GICs"). GICs are recorded at amortized cost which together with accrued interest approximates fair value.

Capital assets

Capital assets are recorded at cost and amortization is provided on the straight-line basis over their estimated useful lives, as shown below. One-half of the annual amortization is taken in the year of purchase.

Furniture and equipment	5 years
Computer equipment	3 years
Leasehold improvements	terms of lease

Research grants

The Board of Directors annually approves specific amounts for research grants that are to be awarded to researchers for various periods.

The liability for research grant funding is accrued in the year it is approved and expensed against operations in that year. Disbursements of these awards are charged against the liability at the time the disbursements are made.

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Accounts requiring significant estimates and assumptions include amortization expense and accrued charges.

4. Future accounting changes

In December 2010, the CICA issued a new accounting framework applicable to Not-for-Profit Organizations. Effective for fiscal years beginning on January 1, 2012, Not-for-Profit Organizations will have to choose between International Financial Reporting Standards (IFRSs) and Canadian accounting standards for Not-for-Profit Organizations. PCC will adopt the Canadian accounting standards for Not-for-Profit Organization (for its fiscal year beginning on April 1, 2012). The impact of transitioning to these new standards has not been determined at this time.

Prostate Cancer Canada

Notes to the financial statements

March 31, 2012

(Tabular amounts in thousands of dollars)

5. Capital assets

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Leasehold improvements	34	2	32	-
Furniture and equipment under capital leases	24	13	11	23
Furniture and equipment	148	71	77	53
Computer equipment	189	76	113	70
	395	162	233	146

6. Short term investments

The investments consist of the following Guaranteed Investment Certificates with principle amounts as follows:

	2012	2011
	\$	\$
Short-term investments		
Maturing June 2011 , interest at 1.75%	-	5,000
Maturing April 2011, interest at 1.10%	-	114
Maturing June 2012, interest at 1.45%	4,000	-
Maturing June 2012, interest at 1.50%	2,000	-
Maturing September 2012, interest at 1.75%	4,000	-
Maturing December 2012, interest at 1.82%	6,000	-
Maturing March 2013, interest at 1.70%	2,000	-
	18,000	5,114

Total interest accrued on the investments for fiscal 2012 was \$117,657 (2011-\$91,000).

7. Obligation under capital leases

Future minimum payments under capital lease obligations are as follows:

	\$
2013	5
2014	5
2015	3
Total minimum lease payments	13
Less: amounts representing interest	1
Obligation under capital leases	12
Due within one year	5
Long-term portion of obligation	7

Prostate Cancer Canada

Notes to the financial statements

March 31, 2012

(Tabular amounts in thousands of dollars)

8. Research grants payable

The Board of Directors of PCC approves all research grants.

A preliminary grant provision has been expensed in these financial statements. Final allocation to specific recipients will be determined in the subsequent year. Any adjustments to grant allocations are reflected in the period in which the adjustment is approved by the Board. Grants for research may be awarded for a period covering more than one fiscal year, subject to available funding and performance criteria. Continuity of Research Grants payable is as follows:

	2012	2011
	\$	\$
Research grants payable, beginning of year	19,519	5,106
Payments to recipients during year	(4,047)	(2,387)
Provision for future grants	3,496	16,800
Research grants payable, end of year	18,968	19,519
Current portion	9,817	6,809
Long-term portion	9,151	12,710

The provision for future grants includes a sum of \$12,834,000 which is the remaining amount payable of a \$15,000,000 grant funding award made to the University Health Network during the year to 31 March 2011. Payments of this grant funding will be made over a total period of five years.

In addition to the provision for future grants, \$204,299 (2011 - \$281,164) related to research related initiatives has been expensed as part of the research program.

9. Restricted Fund

The restricted fund was established during fiscal 2012 to account for funds received through Movember Canada and is restricted as follows: (i) survivorship initiatives; (ii) innovative and targeted research; (iii) research that helps inform healthy policy and knowledge translation. Funds may also be used on direct program expenditures as defined by the Movember Campaign agreement.

10. General Fund

As approved by the Board, the internally restricted operating and mission reserves have been merged to create a single general fund.

11. Commitments

PCC is committed under an operating lease for office space. This lease commenced on April 1, 2011 for the duration of 15 years, and the total amounts due are as follows:

	\$
Years 1-5	1,443
Years 6-10	1,412
Years 11-14	1,235

12. Volunteer services

PCC benefits substantially from services in the form of volunteer time. These valuable services are not recorded in the financial statements.

Prostate Cancer Canada

Notes to the financial statements

March 31, 2012

(Tabular amounts in thousands of dollars)

13. Allocation of expenses

PCC incurs general staffing expenses that are common to the administration of the organization and each of its functions. Certain staff expenses are allocated to specific functions based on the overall proportion of time spent by staff.

PCC has allocated staff costs as follows:

	2012	2011
	\$	\$
Fundraising	828	900
Research	929	202
Public education and awareness	738	298
Support groups/survivorship	421	439
General and administration	727	706
	3,643	2,545